



**Chief
Executive
Office.**

COUNTY OF LOS ANGELES

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, CA 90012
(213) 973-1101 ceo.lacounty.gov

CHIEF EXECUTIVE OFFICER

Fesia A. Davenport

"To Enrich Lives Through Effective and Caring Service"

March 7, 2023

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

The Honorable Board of Commissioners
Los Angeles County Development Authority
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors/Commissioners:

**AUTHORIZE THE EXECUTION OF AN AMENDMENT TO THE EXCLUSIVE
NEGOTIATION AGREEMENT (ENA) AMONG THE COUNTY, THROUGH THE
LOS ANGELES COUNTY DEVELOPMENT AUTHORITY, LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY, AND WIP-A, LLC A SUBSIDIARY
OF WATT COMPANIES, INC., TO EXTEND THE TERM AND AUTHORIZE THE
ASSIGNMENT OF THE ENA FOR DEVELOPMENT OF THE PROPERTY
LOCATED AT THE EXPO/CRENSHAW STATION SITE
(SECOND DISTRICT) (3 VOTES)**

SUBJECT

The County of Los Angeles (County), acting through the Los Angeles County Development Authority (LACDA) as the County's agent, the Los Angeles County Metropolitan Transportation Authority (Metro), and WIP-A, LLC a wholly owned subsidiary of Watt Companies, Inc., a California corporation (Developer), are parties to an Exclusive Negotiation Agreement and Planning Document (ENA) for the development of a mixed-use project (Project) adjacent to the Expo/Crenshaw Station (Enclosure A – Site Map). The ENA will expire on April 15, 2023.

This letter recommends approval of an amendment to the ENA that would extend the ENA term for an additional 12 months, with an option to extend for an additional 12 months, if necessary; and authorize the assignment of the ENA to a newly created limited partnership. The amendment to the ENA will allow the Developer to secure Project financing sources to increase the number of affordable units and provide sufficient time to finalize the Joint Development Agreement and Ground Lease, subject to approval by the County Board of Supervisors (Board) and Metro's Board of Directors (Metro Board).

IT IS RECOMMENDED THAT THE BOARD:

1. Find that the proposed actions are not a project under the California Environmental Quality Act (CEQA) for the reasons stated in this Board letter and the record.
2. Authorize LACDA to, on behalf of the County, execute an amendment to the ENA by and among the County, Metro, and Developer, to extend the term of the ENA for an additional 12 months, with the option to extend for an additional 12 months, if necessary; and authorize the assignment of the ENA to a newly created limited partnership.

IT IS RECOMMENDED THAT THE BOARD OF COMMISSIONERS OF LACDA:

1. Find that the proposed actions are not a project under CEQA for the reasons stated in this Board letter and the record.
2. Authorize the Executive Director, or designee to, on behalf of the County, execute amendments to the ENA by and among the County, Metro and Developer to extend the term for an additional 12 months, with the option to extend for an additional 12 months, if necessary; and authorize the assignment of the ENA to a newly created limited partnership.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On January 6, 2017, the County, through LACDA as the County's agent, and Metro entered into a Memorandum of Understanding (MOU) to cooperate and identify the respective roles and responsibilities of Metro and the County in administering the potential joint development of the 1.66 acre County-owned property and the 1.77 acre Metro-owned property, both located adjacent to the Metro stations along the Crenshaw/LAX Transit Corridor. On January 9, 2018, following a competitive solicitation process, the Board authorized the Chief Executive Office to delegate authority to LACDA to, on behalf of the County, enter into a short-term exclusive negotiating agreement (Short-Term ENA) to negotiate the development of the proposed Project with the Developer and Metro.

The Short-Term ENA was for a six-month term, which provided an interim period before executing the full-term ENA. The six-month term allowed the community to provide input on the proposed Project and granted the Developer enough time to identify a community-based organization to partner with for the development of the proposed Project. In March 2018, the Developer entered into an agreement with West Angeles Community Development Corporation (WACDC) to partner in the execution and operation of the proposed Project. On September 25, 2018, the Board authorized execution of the ENA with the Developer and Metro by and through LACDA acting as the County's agent. The term of the ENA was for 18 months with the option to extend for a total term of 30 months. The ENA was executed on October 15, 2018 and ran through April 15, 2021. To provide time for the Developer to secure entitlements for the proposed Project, the ENA was extended to April 15, 2022, with an option to extend to April 15, 2023, via an amendment that was approved by the Board on April 6, 2021. The current ENA term expires on April 5, 2023.

During the extended ENA period, the Developer was able to obtain the proposed Project's entitlements and received clearance through a Sustainable Communities Environmental Assessment adopted by the City of Los Angeles on October 13, 2021. In addition, the Developer submitted an application to the Housing Authority of the City of Los Angeles (HACLA) requesting 100 project-based vouchers (PBVs) to support deeper levels of affordability for the proposed Project's residential units. The Developer has also been working diligently on its other obligations under the ENA, including performing extensive, on-going community outreach.

The recommended ENA amendment will allow the Developer to assemble its financing sources for development of the proposed Project.

Implementation of Strategic Plan Goals

The proposed Project supports the Countywide Strategic Plan Goal of Making Investments that Transform Lives by Increasing Affordable Housing Throughout Los Angeles County (Strategy I.1.5) and Realizing Tomorrow's Government Today by maximizing use of County assets, guiding strategic investments, and supporting economic development, in ways that are fiscally responsible and aligning with the County's highest priority needs (Strategy III.3.2). The proposed Project will provide affordable housing opportunities, commercial space, and community space in areas with superior regional connectivity.

FISCAL IMPACT/FINANCING

There is no impact to the Fiscal Year 2022-23 budget. The ENA executed in October 2018 required the Developer to pay a non-refundable fee of \$25,000 to LACDA, as well as a \$50,000 deposit to cover third-party expenses (administered by Metro, pursuant to the terms of the MOU). The Developer must replenish the deposit when it reaches a balance of less than \$25,000.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Metro Board directed its staff to develop a strategic plan for joint development activities along the Crenshaw/LAX Transit Corridor and to work with public sector partners such as the County to implement joint development activities on publicly owned sites. Metro conducted community outreach to support the creation of Development Guidelines for the County and Metro properties. The properties are located in an area with superior regional connectivity to employment and activity centers including Santa Monica, Culver City, Downtown Los Angeles, and the Los Angeles International Airport. The guidelines for this site identify the opportunity for a culturally distinct gateway destination and pedestrian-scaled community serving residents and visitors with high-quality and local-serving retail uses and a range of housing types.

Originally, the Developer proposed a mixed-use project that included approximately 40,000 square feet of commercial space and 400 residential rental units, of which 20 percent would be affordable housing for households earning between 30 and 80 percent of the Area Median Income.

The Developer and WACDC have had several meetings with local residents, community organizations, and government officials to provide updates on the proposed Project. In late 2019, some members of the public and the Metro Board expressed interest in the Developer increasing the number of affordable residential units. To that end, the Developer is pursuing funding sources to support a 100 percent affordable housing development.

Based on the Developer's current projections, the contemplated proposed Project would include the following:

<u>METRO SITE</u>	<u>COUNTY SITE</u>
<ul style="list-style-type: none">• Residential Component: 176 units• Commercial Component: 30,300 SF (Grocery Store: 22,277 SF)	<ul style="list-style-type: none">• Residential Component: 225 units• Commercial Component: 7,504 SF• Open Space Component: 2,650 SF

Depending on the requirements imposed by the funding sources secured for the proposed Project, adjustments might be made to the proposed Project. LACDA, acting as the County's agent, will present the final proposed Project scope for Board and Metro Board consideration, once the recommended Joint Development Agreement and Ground Lease terms are finalized.

With the goal of making the proposed Project more competitive for affordable housing financing sources, the Developer and WACDC have elected to expand their team and partner with the Richman Group of California Development Company LLC (Richman) and HACLA for their expertise in affordable housing development as well as to increase their competitiveness for PBVs and other funding sources. With these new team partners, the Developer will create a new limited partnership consisting of the following entities or an affiliate or instrumentality of such entities; Developer, WACDC, Richman, HACLA, and a tax credit investor that would be added at a later time. Assignment of the ENA to the new limited partnership will allow them to establish site control in order to submit the upcoming applications to the California Department of Housing and Community Development including the Affordable Housing & Sustainable Communities application due in March 2023.

ENVIRONMENTAL DOCUMENTATION

These actions are not a project pursuant to CEQA because they involve activities that are excluded from the definition of a project pursuant to section 15378 (b) of the State CEQA guidelines. The proposed actions are administrative activities of government, which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the requested actions will support the County's efforts to develop compatible transit-oriented commercial and residential uses that will catalyze additional economic growth in an area that will benefit from private investment, and the creation of jobs and affordable housing. Planning for the proposed Project resulted in the need to relocate an existing operation office for the Probation Department. Probation is currently reviewing its operations, but it may be necessary to lease office space to fully accommodate the Probation Department operations.

The Honorable Board of Supervisors/Commissioners
March 7, 2023
Page 6

CONCLUSION

It is requested that the Executive Office of the Board of Supervisors return one certified copy of the Minute Order and an adopted stamped copy of this Board letter to the Chief Executive Office, Real Estate Division, 320 West Temple Street, 7th Floor, Los Angeles, CA 90012 for further processing. Additionally, please forward one adopted, stamped copy of the Board letter to LACDA, 700 West Main Street, Alhambra, CA 91801.

Respectfully submitted,



FESIA A. DAVENPORT
Chief Executive Officer



EMILIO SALAS
Executive Director

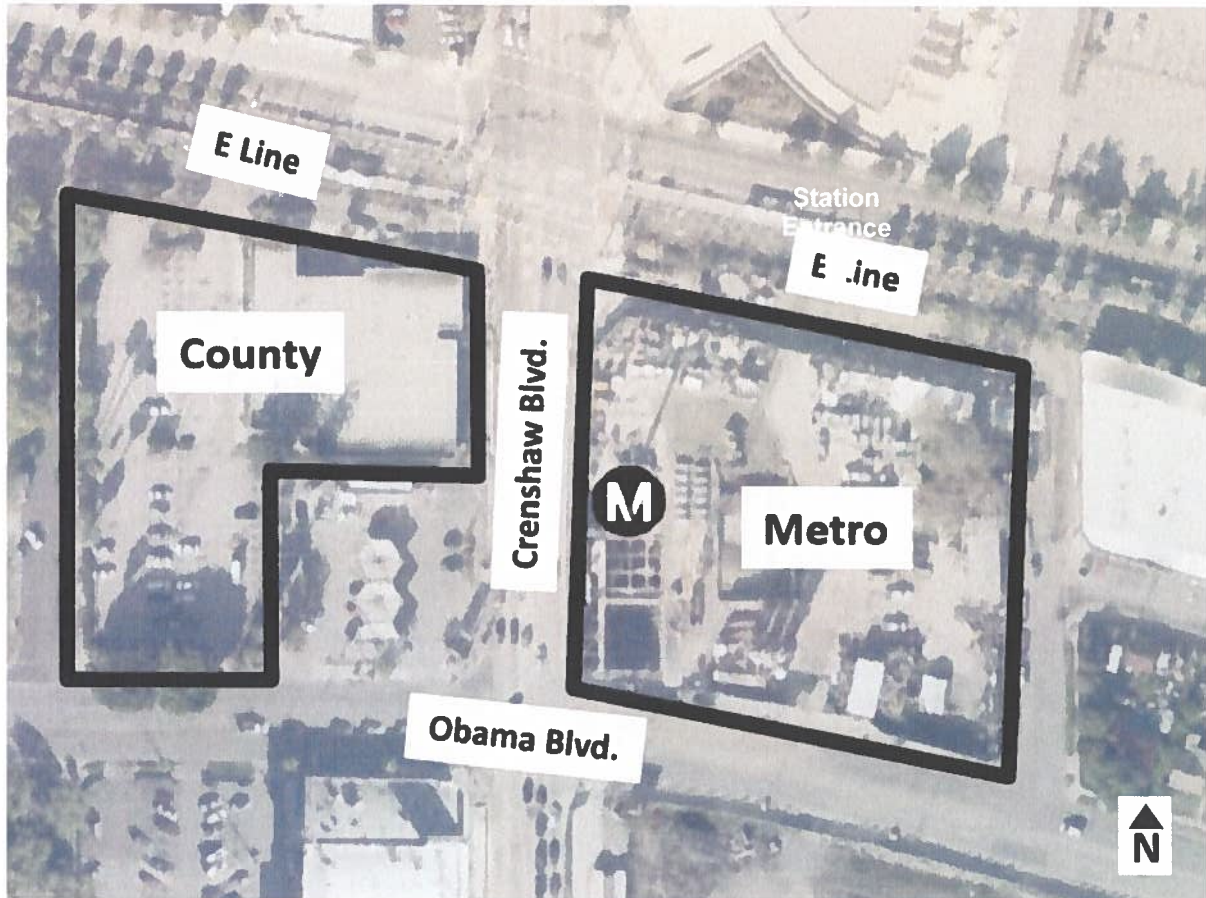
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Enclosure

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

ENCLOSURE A

SITE MAP



 K Line Station